

## Chapter 54 – Plant Protection Costs

### **Authoritative Sources**

- [FAR 31.205-29](#) Plant Protection Costs

No Cost Storage Contracts are contracts for which the contractor is to provide the Government with storage or warehousing services, but payment of the costs associated

with these services is not provided for in the contracts. Some of these contracts specify that storage or warehousing costs are to be charged as an indirect expense. Other such contracts, while not specifically stating that the storage or warehousing costs are to be charged indirect, make no provision for reimbursement of such costs under the contract. The likely result is that the costs associated with the storage or warehousing are allocated to and reimbursed under other non-benefiting Government contracts.

### **General Audit Guidelines**

Allowable activities and costs. The provisions of FAR 31.205-29, Plant Protection Costs, state that costs of protecting the contractor's plant and other property are allowable. The costs of items such as:

- (1) wages, uniforms and equipment of personnel engaged in plant protection,
- (2) depreciation on plant protection capital assets, and
- (3) necessary expenses to comply with military requirements, are allowable provided they are reasonable and allocable.

Reasonableness. There are now a number of commercial companies that provide plant security protection services, including well-trained uniformed guards. These security service companies often provide efficient plant protection services for less than the cost of such services performed by the contractor's own security employees. Accordingly, evaluation of costs of security guards at the contractor's facilities should include a comparison between the cost of the in-house services and the cost of engaging an outside security service firm. When excessive or unreasonable costs are questioned as a result of the above cost comparison, it is the contractor's responsibility to demonstrate the reasonableness and to justify the costs (see FAR 31.205-6(b)(1)).